

## WHAT TYPE OF FIRMS ADOPT TAKEOVER DEFENSE MEASURES?

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〈SUMMARY〉 □

In this paper we analyze the characteristics of firms that introduced hostile takeover defense measures in fiscal years 2005 and 2006. We analyze the motivation for adopting these measures after categorizing it as either (1) depressed corporate performance, (2) self-protection for corporate managers, or (3) other factors affecting the probability of being the target of a takeover, and we obtain the following findings. First, companies do not tend to adopt takeover defense measures even when their performance has deteriorated, as measured by ROA and Tobin's  $q$ . Second, companies that are older, have lower proportions of shares held by their directors, or higher cross-shareholding ratios are more likely to adopt takeover defense measures, which suggests that the adoption of such measures is motivated by self-protection on the part of corporate managers and influenced by the conflicts of interest between managers and shareholders. Third, companies with low ratios of controlling shareholders or high ratios of holdings by institutional investors are more inclined to adopt takeover defense measures, suggesting that companies are likely to adopt such measures if their shares are liquid and easy to acquire.

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